

Barrington Committee on Appropriations

Meeting Minutes

April 5, 2016

Opening

The regular meeting of the Barrington Committee on Appropriations was called to order at 7:04 p.m. on April 5, 2016 in the Barrington Senior Center by Chad Mollica.

Present

Peter Dennehy, Melissa Horne, Chad Mollica and Richard Staples.

Also attending: Peter DeAngelis (Town Manager), Kathy Raposa (Finance Director), Tony Arico, Tom Rimoshytus

Approval of Agenda

The agenda was unanimously approved as distributed.

Approval of Minutes

The minutes were unanimously approved as distributed.

Open Issues

Chad Mollica opened the discussion by asking Peter DeAngelis and Kathy Raposa whether there is a level at which the unassigned audited fund balance can be reduced to permit a contribution to the general fund in order to mitigate an increase in the municipal budget. Mr. DeAngelis explained that the unassigned fund balance is typically used for one-time, unexpected expenses and that if the Town starts using the fund for other purposes, it will result in the Town starting with a deficit in the following year. He observed that the unassigned fund is especially important in Barrington because the tax base is primarily residential. Ms. Raposa added that the bonding companies frown on towns using unassigned fund balances for general operating expenses. Peter Dennehy observed that the balance of the unassigned fund as compared to the overall budget had increased steadily over the years until it now represents 25% of the budget. He inquired whether the unassigned fund represented budgeted but unspent funds and Richard Staples followed up by asking whether there is a point at which the fund balance over-taxes the taxpayers. Ms. Raposa explained that if the Town spends less money than is budgeted, it goes to the bottom line of the budget and then into the unassigned fund. Ms. Raposa stated that although 25% of the budget seems like a lot, Barrington's unassigned fund is small compared to nation-wide numbers. The fund is invested, but also is used to run the Town during the July to September period each year, before the tax receipts are received and used to replenish the fund. The national recommendation is that a municipality's unassigned fund should be equal to 2 months' worth of municipal expenses. Melissa Horne observed that if Barrington's unassigned fund is used to cover 3 months' worth of expenses, then 25% of the budget would appear to be the appropriate amount. She questioned, however, how it happened that the fund had been built up from \$8.8 million to \$15.5 million over the last ten years. Mr. DeAngelis acknowledged that this was an interesting question and then suggested that it could be that the budget could have been "over-budgeted," or

that revenues could have been higher than expected, or it might have been due to the timing involved in identifying the fund balance.

Chad Mollica observed that, because the school reserves stay in the school budget, the unassigned fund balance is comprised entirely of municipal money. He questioned why the bonding companies don't seem to draw a line at this, given that the unassigned fund balance is used for school expenses during the July to September period. Peter DeAngelis explained that he is interested in putting the municipal budget in the best possible position in order to get the best possible interest rate for whatever project occurs at the Middle School the debt service will come out of the municipal budget. Kathy Raposa acknowledged that the School Department retains control of any surplus from its budget, but noted that it has a policy of using it for school capital projects. Mr. Mollica commented that the school budgets have not been as transparent as the municipal budget, an issue the Appropriations Committee has been working on. Peter DeAngelis explained that the municipal side's capital reserve accounts are treated as a piggy bank set up to buy a particular product someday. The funds are allocated to a specific account; if the money isn't used during the fiscal year, it stays in the reserve account and cannot be used for any other purpose without taxpayer approval at the town meeting. On the other hand, the School Department has a \$48 million budget they can spend any way they want. Melissa Horne observed that factor is all the more reason the School Department should be more transparent.

Chad Mollica asked how the unassigned fund balance can be reconciled with the unfunded pension liability and how the Town can be given a AAA bond rating given the pension situation. Kathy Raposa responded that pension contributions are State regulated and that the Town pays everything it is required to pay. Richard Staples stated that he imagines that the bond rating agencies look at the fund as part of a coverage ratio. Peter DeAngelis noted that the State has a rainy day fund and that the unassigned fund balance is Barrington's equivalent. Mr. Staples observed that the Town's fund balance isn't static; its level varies as the Town draws against it through the year.

Peter DeAngelis suggested that if the Town needs money from the taxpayers, it should ask for it rather than deferring expenses through a zero tax increase. He emphasized that the municipal budget is lean and confided that he is worried that it is too lean and that he may have to ask for additional money for a particular line item.

A discussion regarding the ability to compare Barrington's unassigned fund balance and tax rates to those of other communities ensued. Peter DeAngelis acknowledged the Committee's concerns regarding potential tax increases and reemphasized that he wants to work as a team, but he questions how a zero tax increase can be achieved without cutting effective programs. He stated that Barrington does more with less and that other communities wonder how we do it.

Richard Staples requested Kathy Raposa to provide the Committee with an analysis of fluctuations in the unassigned fund balance over the course of the year.

There were a series of questions regarding the municipal budget:

Peter Dennehy asked whether the fire department overtime (\$78,000) is in line with previous budgets. Kathy Raposa responded that it is the same amount budgeted as last year, although last year's actual expenditure was much more. Peter DeAngelis observed that budgeting overtime necessarily requires a "guesstimate".

Richard Staples asked why fire department salaries reflected a 4.38% increase, which is larger than the negotiated contractual increase. Peter DeAngelis responded that he is trying to change the table of organization for both the fire and police departments in order to accomplish succession planning, so the increase is a little higher than the 2% contractual raise.

Peter Dennehy inquired about the school credit line in the public works budget. Peter DeAngelis explained that the School Department offsets the cost of services provided by the public works department at the schools and that he tries to increase the credit year-over-year.

Peter Dennehy asked what the school housing line item on the schedule of revenues. Kathy Raposa responded that that item should be captioned "school housing aid" and that it represents the amount of money returned to the Town by the State for school improvements.

Peter Dennehy inquired if the "new revenues required from property taxes" item on page 26 of the budget meant that that is the increased amount that will be required if the Town Manager's budget is enacted. Kathy Raposa responded that the total increase in the budget is \$1,465,514, of which only \$295,000 is attributable to the municipal budget; the remainder is from the school budget. The total new revenue required correlates with other revenues which are decreasing, to result in a total increase of \$1,534,117 being needed from tax payers.

Melissa Horne asked why the budget includes a 100% increase in compensated absences. Peter DeAngelis explained that this item anticipates certain retirements, at which time accrued benefits are paid to the retirees. This item varies from year to year as the number of retirees varies.

Chad Mollica noted that several contracts are being renegotiated and that the Town has experience with privatization of refuse service, and inquired how that experience interplayed with the existing labor contracts. Peter DeAngelis responded that it depends on what the contract says.

A discussion regarding the schedule for upcoming meetings and the deadline for finalizing the budget ensued, with the resulting conclusion that the Committee may have to expedite its deliberations to meet the deadline.

The floor was opened to public comment. Tony Arico observed that the Committee's discussion had been very helpful. He noted that contracts are still being negotiated and that the school budget still contains an increase in the transportation budget even though the school start time adjustment had been postponed until a report from a study commission is issued. He suggested that the transportation increase should be removed from the budget. Richard Staples stated that his understanding was that it had been left in the budget pending review of the bus schedule. Tom Rimoshytus stated that the School Committee may address that issue at its April 6, 2016

meeting. There was a general consensus that discussion of the transportation issue should be deferred until the School Committee makes a decision.

Adjournment

Meeting was adjourned at 8:26 p.m. by Chad Mollica. The next general meeting will be at 7:00 p.m. on April 12, 2016 in the Barrington Senior Center Activity Room.

Minutes submitted by: Melissa Horne